

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

IN RE:

PILLOWTEX, INC., *et al.*,¹

Debtors.

PILLOWTEX CORPORATION and
FIELDCREST CANNON, INC.,

Plaintiffs,

v.

TARGET CORPORATION²
and MERVYN'S, INC.,

Defendants.

Chapter 11

Case No. 03-12339 (PJW)
(Jointly Administered)

Ref. Nos. 523 & 1549

Adv. No. 03-57581-PJW

Ref. No. 68

NOTICE OF APPEAL FROM ORDER AND JUDGMENT
(A) AWARDING DAMAGES TO PLAINTIFFS AND
(B) DENYING CERTAIN PENDING MOTIONS

Mervyn's, Inc. ("Defendant"), by and through the undersigned counsel, hereby appeals under U.S.C. § 158 (a) or (b) to the United States District Court for the District of Delaware from the Order and Judgment (A) Awarding Damages to Plaintiffs and (B) Denying Certain Pending Motions [D.I. Nos. 1549 (Case No. 03-12339) and 68 (Adv. No. 03-57581)], dated May 27, 2005

¹ In addition to Pillowtex Corporation and Fieldcrest Cannon, Inc., the other debtors are Beacon Manufacturing company, Eence, Inc., FC Online, Inc., FCC Canada, Inc., FCI Corporate LLC, FCI Operations LLC, Fieldcrest Cannon Financing, Inc., Fieldcrest Cannon Licensing, Inc., Fieldcrest Cannon Transportation, Inc., The Leshner Corporation, Opelika Industries, Inc., PTEX Holding Company, PTEX, Inc., and Tennessee Woolen Mills, Inc. (collectively, "Debtors"). The United States Trustee appointed an Official Committee of Unsecured Creditors in these cases on August 11, 2003. Debtors continue in the management of their businesses and properties as debtors in possession pursuant to Section 1107 (a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in any of Debtors' cases.

² Defendant Target Corporation is no longer a party to this action pursuant to the Stipulation and Order entered by the Court on March 1, 2005 (A.D.I. 22). Defendant Mervyn's, Inc. formerly was a wholly owned subsidiary of Target Corporation, but is now an independent entity known as Mervyn's LLC and represented by separate counsel.

and entered in the above-captioned main and adversary proceedings on May 31, 2005,³ by United States Bankruptcy Judge Peter J. Walsh (the “Order”). The Order, with respect to Defendant (a) denied Defendant’s Markdown Claims⁴ and Lost Profits;⁵ (b) denied the Motion of Target Corporation and Mervyn’s, Inc. for Precautionary Relief from the Automatic Stay to Recoup Their Damages from Amounts Payable to the Debtors [D.I. 523 in main proceeding]; (c) ordered Defendant to pay Plaintiffs the sum of \$810,000.00, with judgment entered in favor of Plaintiffs; and (d) denied as moot, the parties’ cross-motions for summary judgment.

The parties to the Order appealed from and the names, addresses, and telephone numbers of their respective attorneys of record are:

Party	Counsel
Mervyn’s Inc. (Defendant)	Adam G. Landis Jamie Lynne Edmonson Landis Rath & Cobb LLP 919 Market Street, Suite 600 Wilmington, DE 19801 (302) 467-4400 - and - Karen Johnson-McKewan E. Anne Hawkins Orrick, Herrington & Sutcliffe LLP 405 Howard Street San Francisco, CA 94105 (415) 773-5700

³ The actual docket entry date of the Order in the adversary proceeding is June 3, 2005. In accordance with the Court’s instruction, however, Mervyn’s, Inc. is treating this appeal as if the Order had been entered May 31, 2005 on both the main and adversary dockets.

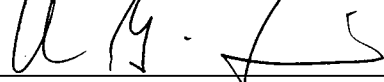
⁴ As defined in the Stipulation and Order Regarding Net Amount Payable, entered on May 10, 2005, “Markdown Claims” are retail price “markdowns” that Mervyn’s claims it made to liquidate inventories of goods manufactured by and purchased from Plaintiffs.

⁵ As defined in the Stipulation and Order Regarding Net Amount Payable, entered on May 10, 2005, “Lost Profits” are profits that Mervyn’s claims it could have made from the future purchase and retail sale of additional goods manufactured by Plaintiffs.

Pillowtex Corporation and Fieldcrest Cannon, Inc. (Plaintiffs)	William H. Sudell, Jr. Gilbert R. Saydah, Jr. Morris, Nichols, Arsht & Tunnell 1201 N. Market Street P.O. Box 1347 Wilmington, Delaware 19899-1347 (302) 658-9200 - and - Michael E. Wiles Suzanne M. Grosse Debevoise & Plimpton LLP 919 Third Avenue New York, New York 10022 (212) 909-6000
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Dated: Wilmington, Delaware
June 9, 2005

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